



Holder Outreach Newsletter

California Unclaimed Property Program

This newsletter is intended to keep all businesses, financial organizations, and other holders of unclaimed property well informed. Highlights of important news, useful information, and changes pertaining to unclaimed property are provided to assist holders with California reporting requirements.

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Important Reminder

Regarding Reports Containing Securities



As a reminder, if your Holder Notice Report lists any securities, you must include the Committee on Uniform Security Identification Procedures (CUSIP) number for each security reported. Securities include, but are not limited to, stocks, bonds, warrants, and mutual funds. Additionally, you must also include the CUSIP number for each security identified on your Holder Remit Report. This information is necessary in order for us to validate and reconcile the reporting and remittance of all securities. Holder Notice and Remit Reports containing securities submitted without the CUSIP information are subject to being rejected. This may cause interest at a rate of 12% per annum to be assessed against the reports as prescribed by California Code of Civil Procedure (CCP) section 1577 from the date the property should have been reported or remitted through the date the CUSIP is properly reported.



Legislative Updates - Senate Bill 495



The following is a list of new provisions of the Unclaimed Property Law California Code of Civil Procedure (CCP) that took effect on January 1, 2012. The changes from Senate Bill 495 are summarized below and the link to the actual provisions of the law are included for your convenience.

Individual Retirement Accounts and Retirement Plans

This amendment clarifies that individual retirement accounts or plans not subject to a mandatory distribution requirement are not deemed payable or distributable for dormancy calculation purposes until the owner has attained 70½ years of age. This amendment also prevents escheatment of funds from individual retirement accounts or retirement plans if, during the previous three years, the owner has owned another active account, plan or any other deposit or account not subject to escheat with the business ([CCP section 1513](#)).



Property Held in Fiduciary Capacity

All tangible or intangible property held in a fiduciary capacity for another person shall not escheat to the state if during the previous three years, the fiduciary took one of the following actions:

1. Held another deposit or account for the benefit of the owner,
2. Maintained a deposit or account on behalf of the owner in an individual retirement account, or
3. Held funds or other property under a retirement plan and during the previous three years the owner had activity on the related account and the fiduciary has communicated electronically or in writing with the owner at the address to which communications are regularly sent. Communications include account statements.

Using the Correct Relationship Type Codes



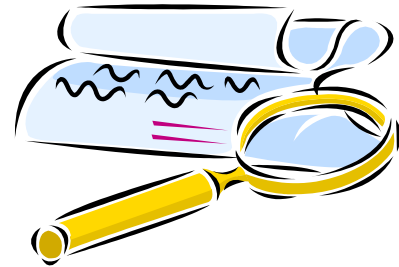
Reporting the correct relationship codes on your Holder Notice and Remit Reports will allow the State Controller's Office (SCO) to fulfill its mission to reunite unclaimed property with its rightful owner. Using the correct codes will reduce the need to contact the holders months or years after the property has been reported, long after records may have been lost or destroyed by the holder. Below is a list of codes that are typically reported incorrectly:

BF – Beneficiary: A beneficiary is the person or entity named to receive assets or profits from an estate, a trust, an insurance policy or any instrument in which there is distribution. Provide the name, address and Social Security Number (SSN) of the beneficiary on the account if known. This is especially important for life insurance accounts.

CF – Custodian For: A custodian for is an individual entrusted with guarding and keeping property or having custody of a person. Make sure to correctly identify the person named as custodian on the account.

FB – For Benefit of: List this person when funds are being held for the benefit of another person.

CC – Co-Conservator: Use this code when there is more than one conservator listed on an account.



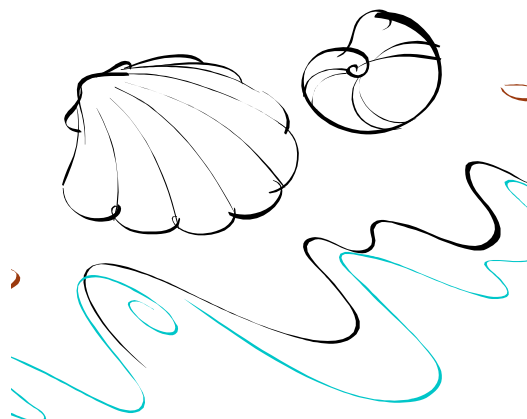
EX – Executor or Executrix: Is a person named by a testator to execute or carry out the instructions in a will or trust. Use this code to correctly identify the executor or executrix of a deceased's estate.

TE – As Trustee For: This person is a natural or legal person to whom property is committed to be administered for the benefit of a beneficiary (as a person or charitable organization). Use this code to identify the trustee of a trust or account.

PO – Power of Attorney: This person has an instrument containing an authorization for one to act as the agent of the principal that terminates upon revocation by the principal or death of the principal or agent. List the person who has the legal authority to act on behalf of another person.

UG – Uniform Gift to Minors Act: Establishes a fiduciary relationship established pursuant to a state law substantially similar to the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act as published by the American Law Institute. These accounts are set up for the benefit of a minor. Accounts belong to the minors when they reach the age of majority, usually 18 years of age. When reporting, use the code CF to list the parent and UG to list the minor.

GR – Guardian For: A person who has or is entitled or legally appointed to the care and management of the person or property.



Contact After Due Diligence Letter



When property owners contact a holder directly, as a result of a due diligence letter sent by the holder or a pre-escheat letter sent by the SCO, the holder needs to determine if they are communicating with the rightful owner. Proper internal standards must be established to determine if you are communicating with the rightful owner before returning the property or updating the property account information. If you believe the person you are communicating with doesn't meet the internal standards to demonstrate ownership, it is acceptable to send the property to the SCO. Once the SCO receives the property, the property owner may file a claim form along with proof of ownership to reclaim their property from the SCO at www.claimit.ca.gov.

1577 Interest Billing Process



The Holder Remit Report is due between June 1st and 15th, or between December 1st and 15th for life insurance companies (seven to seven-and-one-half months after the Holder Notice Report). The Holder Remit Report **must** include remittance and delivery of all cash and/or securities that remain unclaimed at the time the Holder Remit Report is due.

If the entire Holder Remit Report, and/or remittance, or a portion thereof, was not filed within the time prescribed by law **or** was not filed, interest at 12 percent per annum will be assessed in accordance with CCP section 1577. There are three billing types for the Remit Season:

- Remit Billing – Late Holder Remit Report
- Remittance Billing – Late Remittance
- No Remit Billing – No Holder Remit Report and Remittance

Interest Calculations

1577 interest calculations are automatically generated through the SCO's Unclaimed Property computer system, applying a formula based on the 12% per annum rate ([CCP section 1577](#)), multiplied by the property value remitted in the Holder Remit Report and the number of days the report is late.

Securities will be valued at the opening bid quote on the interest assessment date of the reporting year the property was due.

In the absence of the Holder Remit Report and Remittance, the property value used to calculate No Remit billings is based on the information provided in the Holder Notice Report.

Example:

The Holder Remit Report for the total property amount of \$5,000 reported in the Holder Notice Report on October 31, 2011, was due on June 15, 2012. However, the Holder Remit Report was not received until December 10, 2012.

The late report will accrue interest as follows:

- Daily interest rate @ 12% per annum
= $(0.12) / (365 \text{ days}) = \mathbf{0.0003287671}$
- Property value = **\$5,000**
- Daily interest rate
= $(\$5,000) \times (0.0003287671) = \mathbf{\$1.64384}$
- Number of days late
= $(12/10/2012) - (06/15/2012) = \mathbf{178 \text{ days}}$
- Total Interest Due
= $(\$1.64384) \times (178 \text{ days}) = \mathbf{\$292.60}$

Properly Reporting Cashier's Checks, Money Orders, and Official Checks



All cashier's check properties must be reported with as much information as possible, including:

- check number;
- purchaser/payee name;
- address; and,
- SSN.

Include the SSN of the remitter when only the payee name is needed to issue the check. Otherwise, include the SSN of the intended payee if it is a bank issued check for refunds/overpayments and the institution has no interest in these funds.

The relationship field needs correct coding as either "remitter" or "payee" depending on how the holder chooses to report. Also, make use of the description field to:

- indicate either the payee/remitter information; or,
- identify the refund (tax refund, credit card refund, electronic transfer, miscellaneous).

The additional information helps the SCO to identify the rightful owner in cases of common name.

Updates



Securities Summary (SS-1) form Updates

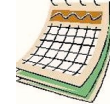
Changes have been made to the filing instructions. Please see the Notice to Holders letter at http://www.sco.ca.gov/Files-UPD/Notice_to_Holders_SS1_Form.pdf

Educational Seminar

Did you miss the Holder Educational Seminar Presentation on May 14, 2012? For those who were unable to attend, we have posted the Power Point Slides. Please see the link below.

http://www.sco.ca.gov/Files-UPD/Educational_Seminar.pdf

Important Upcoming Dates



Before November 1: HOLDER NOTICE REPORTS due.

December 1-15: HOLDER REMIT REPORTS and REMITTANCES due for life insurance companies.



Contact Us:

**California State Controller's Office
Unclaimed Property Division
P.O. Box 942850
Sacramento, CA 94250-5873
www.sco.ca.gov**

Reporting Assistance: (916) 464-6284

Claims Assistance: (800) 992-4647
(outside USA): (916) 323-2827

1577 Interest Assessment Unit: (916) 464-6092
(for CA CCP §1577 inquiries)
1577info@sco.ca.gov

Outreach and Compliance Unit: (916) 464-6088
UPDcompliance@sco.ca.gov

Questions regarding securities: (916) 464-6232
UPDSecRecon@sco.ca.gov

Questions regarding EFT remittance:
UPDSCOEft@sco.ca.gov

We want your input!

Please send us your newsletter comments, ideas, or concerns to: UPDHolderOutreach@sco.ca.gov

The SCO offers a free e-mail subscription service to receive updates and notices about the unclaimed property law, forms, SCO's quarterly newsletter, and more.

To subscribe visit:

www.sco.ca.gov/upd_rptg_outreach.html

